Challenger Spirit

How Emerging Brands Are Reshaping the Marketplace

Thought Leadership Series
Strategic Analytics & Insights

July 2025

Why it's great to be an emerging brand

- Unique consumer perspectives
- Potential to broaden category appeal
- More attuned to emerging trends and shifts
- Seen as genuine and principled

Business and consumers are faced with unprecedented disruptive change

Unique strengths and challenges ahead for both smaller and larger brands

For small & medium brands:

Lean into local strengths | Struggle to stay afloat | Need to compete | Continue to respond nimbly

New global concerns	Shifted operating costs	Ongoing disruptors	Consumer impacts
Tariffs / trade agreements; Rise in foreign wars; Increased domestic protectionism	Rising raw material costs; Increased interest rates; Supply chain delays & disruptions; Worker shortages	Shifted retail landscape; Environmental Changes; Retailer Boycotts	Inflation fears; Consumer values and attitudes; Tech adoption

Struggle to maneuver hurdles | Capitalize on economies of scale | Continue adapting | Deliver on new expectations

For large brands:

Note: These drivers of change are not exhaustive and used as examples; often these drivers of change are linked and symbiotic.

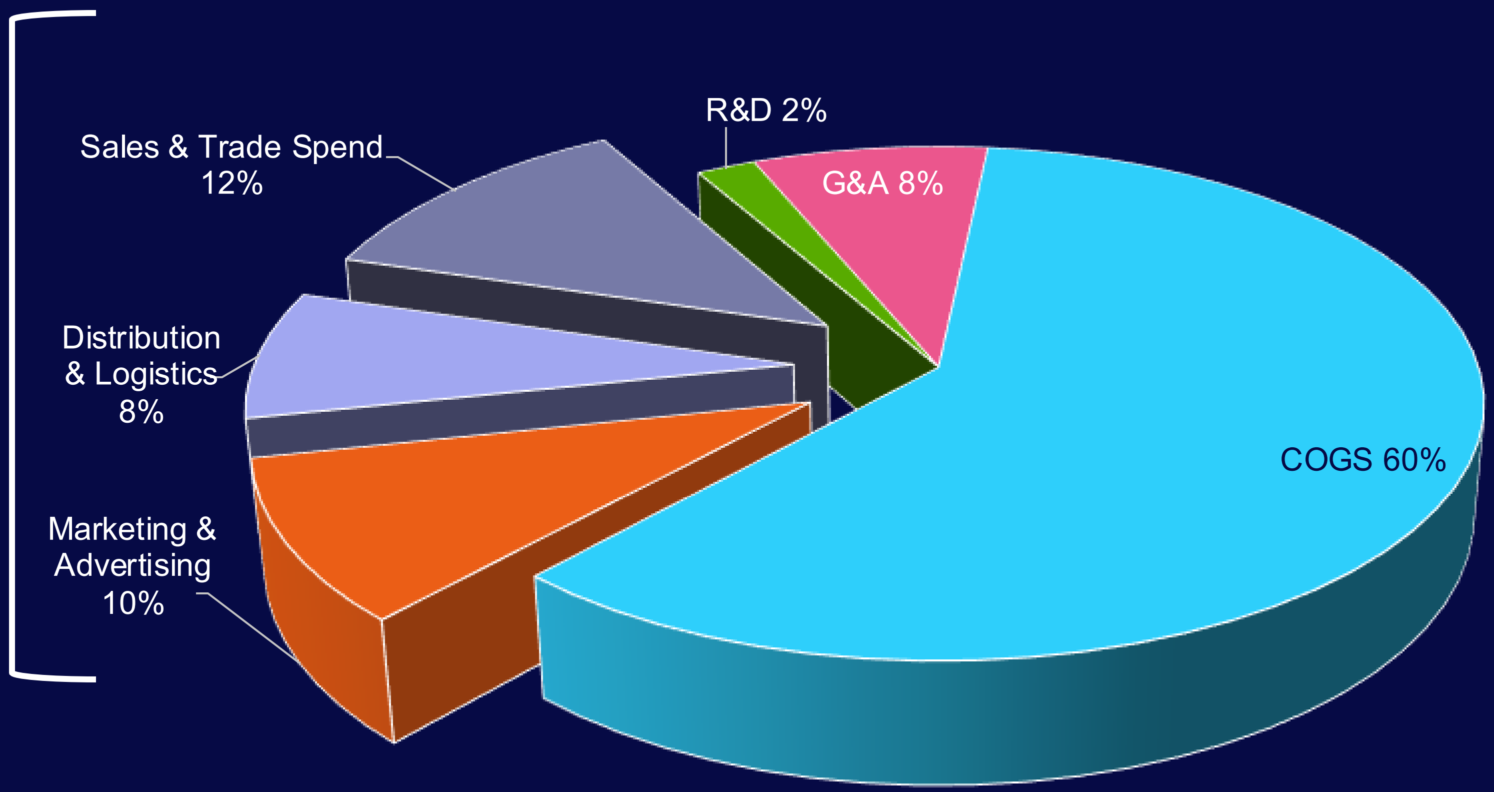
NIQ

Unique challenges emerging brands face

- Limited Marketing and R&D Budgets
- Brand Awareness
- Retail Access & Shelf Placement
- Scaling Manufacturing & Logistics

Emerging brands must scrutinize every dollar and while COGS feels most controllable to maximize profits, demonstrating incrementality to the category, marketing effectiveness and trade spend efficiency is even more critical to financial health

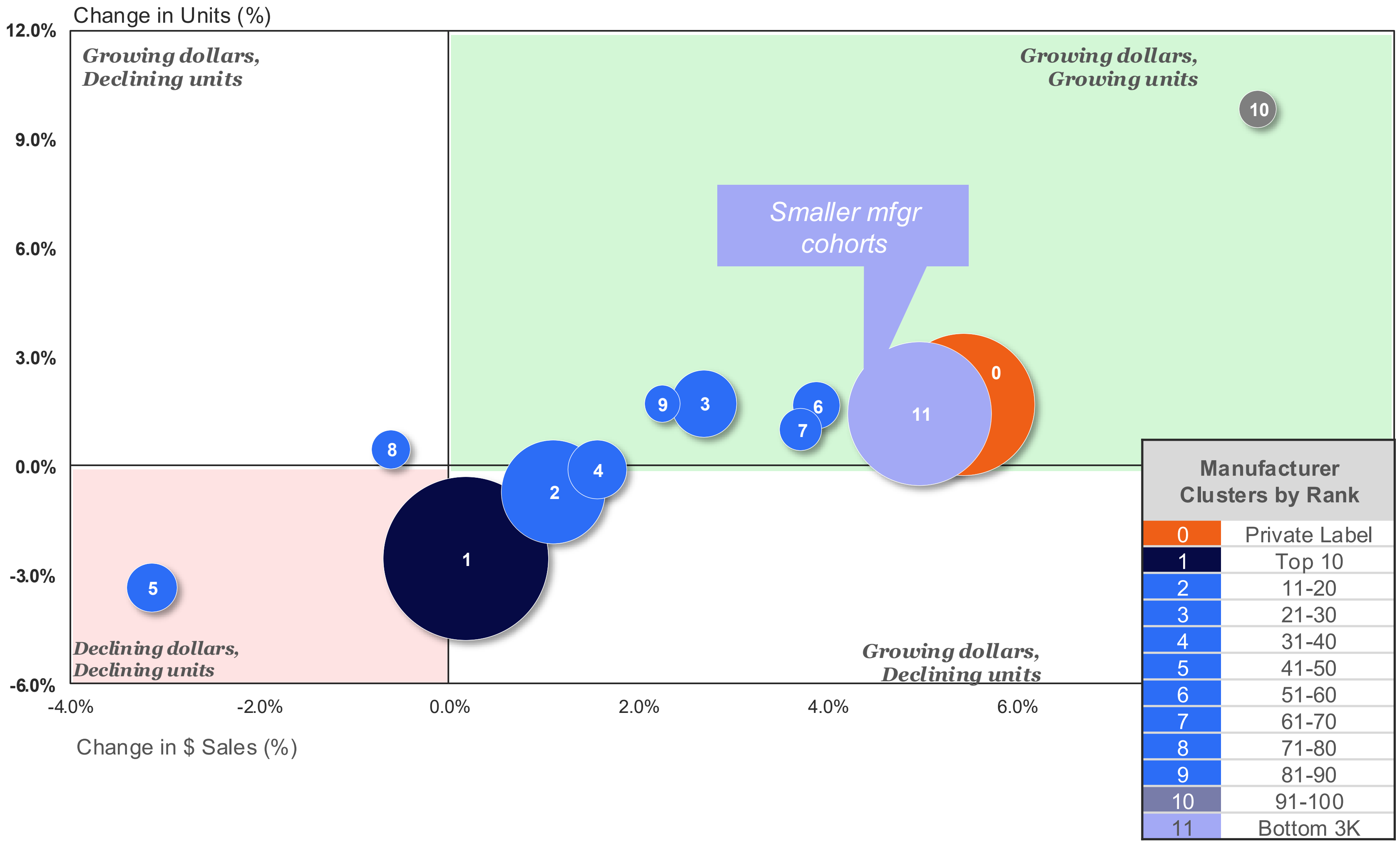
Typical Budget Breakdown for CPG Manufacturers



Source: Gartner, Inc

Large brands challenged while private label and smaller brands grow

US Food & Beverage Manufacturers: Dollar and Unit Trends vs Last Year

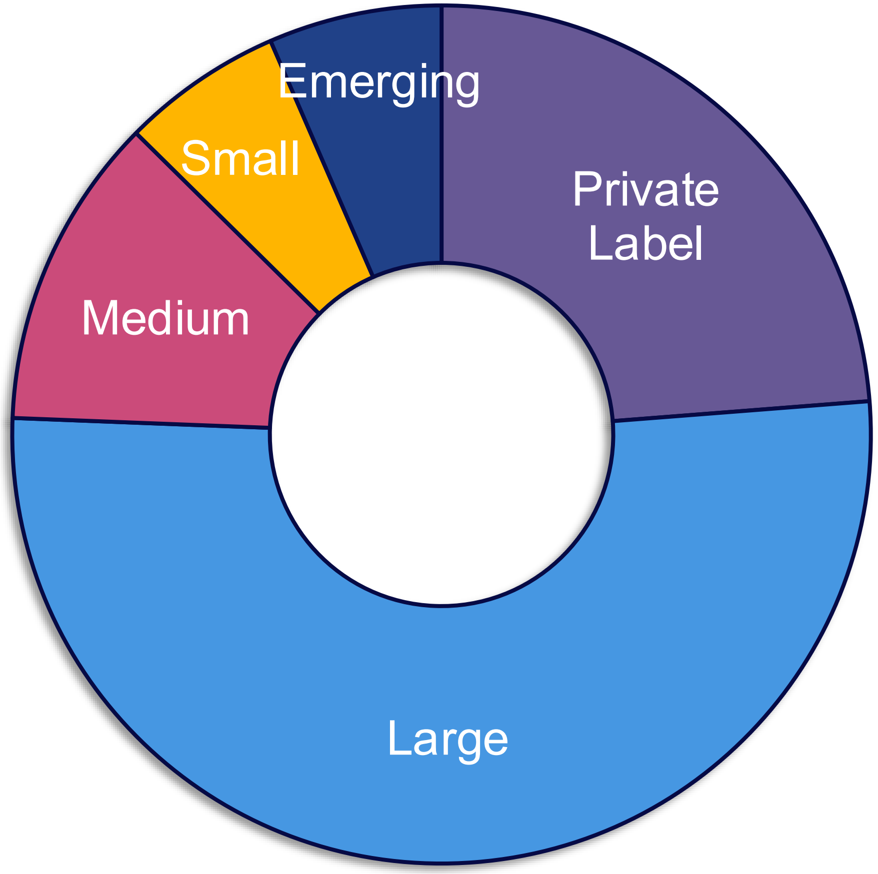


Source: NIQ RMS, Total US Full View Measurement. xAOC+, Total Food & Beverages, L52W we 3/22/25 vs YA

NIQ

Large manufacturers make up most of Food & Beverage sales

Total Food & Beverage Sales | Size of Manufacturers



Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; Total Food & Beverage $ sales by size of manufacturer; Latest 52 weeks ending …

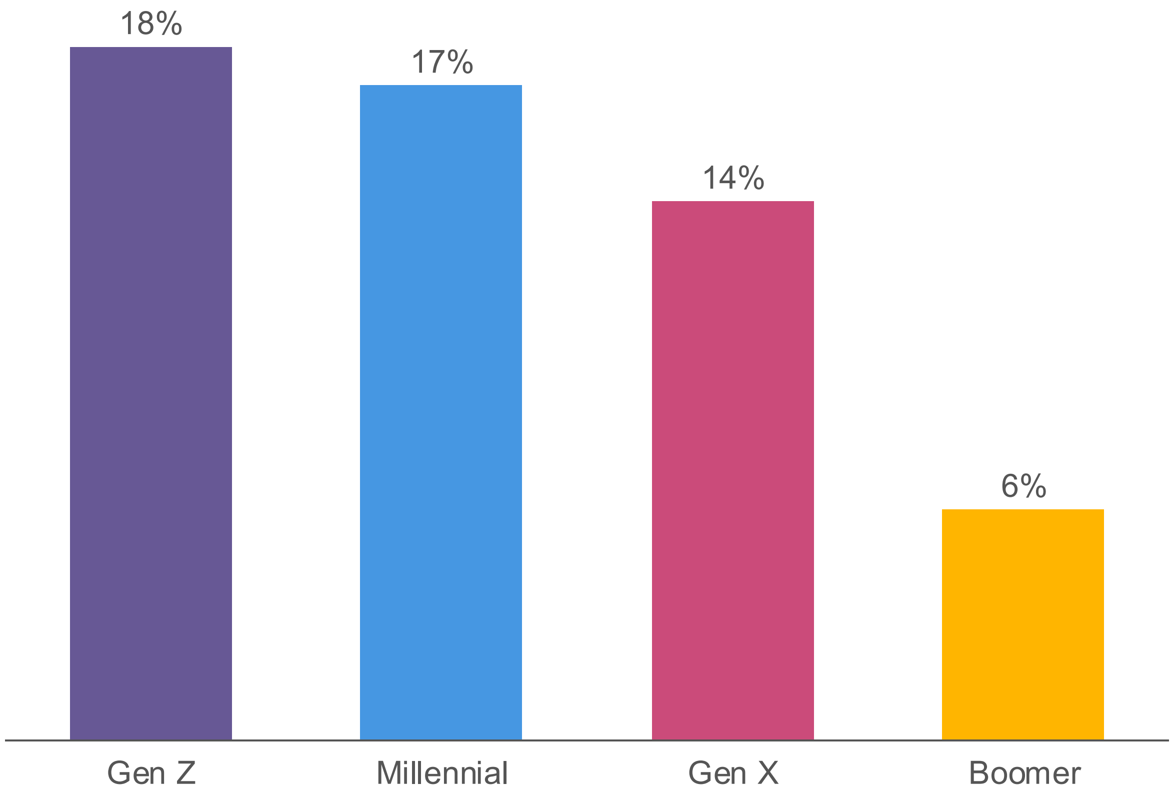
Small & Medium manufacturers growing the most in Better For™ sales

Better For™	Share of total $ sales	4yr CAGR
Private Label	9%	+4.9%
Large (>$1BN)	7%	+4.0%
Medium ($200MM to <$1BN)	20%	+10.9%
Small ($50MM to <$200MM)	28%	+10.1%
Emerging ($10K to <$50MM)	25%	+6.6%

Source: NIQ RMS – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; NIQ Better For Segment™; Better For™ $ share of Food & Beverage and 4yr $ CAGR; Latest 52 weeks ending May 17, 2025

A battle between personalization & relevance

I Struggle To Find Brands
I Can Relate To



- Source: NIQ, MRI-Simmons 2021-2014 Summer & 2019-2024 Fall; GFK, *How America Eats – NIQ Consumer Life 2025 Food & Diet Report; NIQ, Mid-Year Consumer Outlook, 2024*

NIQ

39%

Of incremental category growth is due to Emerging Brands

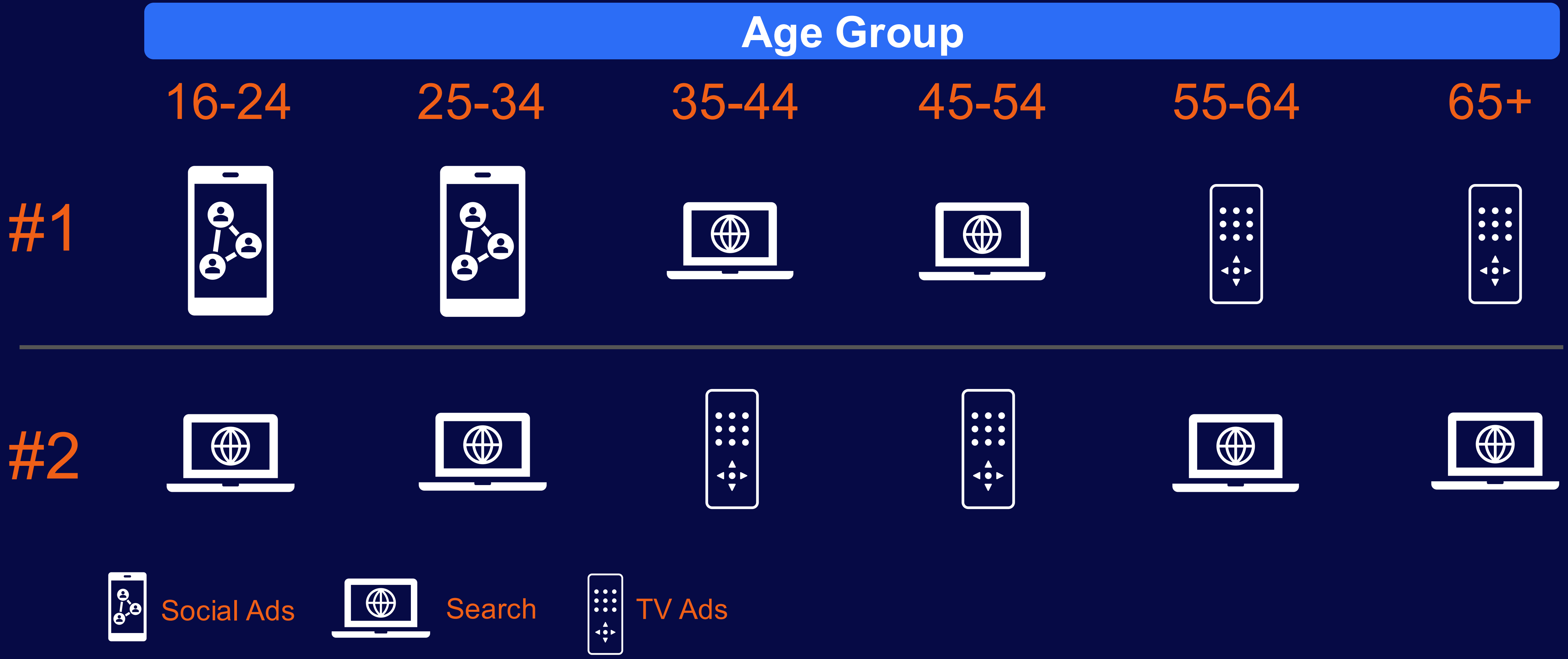
<2%

Emerging brands hold less than 2% market share

Insurgent Brands Steal the Spotlight in 2025 - Bain & Company

Sources of Brand Discovery

It’s critical for emerging brands to know how their target consumers discover brands to efficiently deploy marketing resources



Source: DataReportal.com “Digital 2025: How People Discover New Brands”

Getting discovered is a challenge

It means being everywhere with potentially little marketing budget, but strategically emerging brands need to focus on social, search and TV to maximize eyeballs on their products

5.8

Average # of sources adult internet users use to discover new brands

Source: DataReportal, “Digital 2025; how people discover new brands

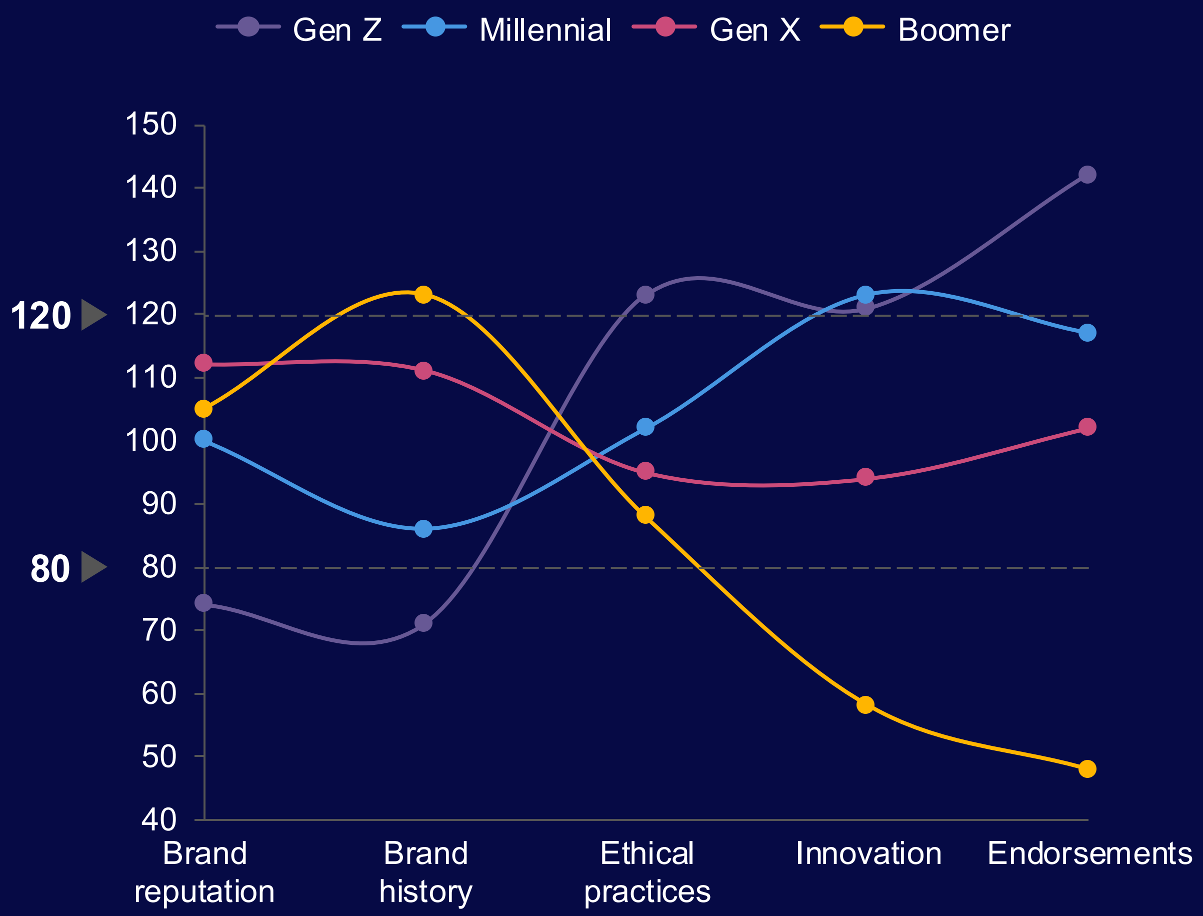
Trust starts with quality and value

Factors That Contribute The Most To Food Brand Trust

- Source: NIQ, BASES Quick Question Omnibus Survey, May 2025, n=1,000
- Note: Index value ≥120 indicates above average significance, <80 indicates below average significance

Brand legacy does not guarantee trust

Food Brand Trust Drivers By Generation

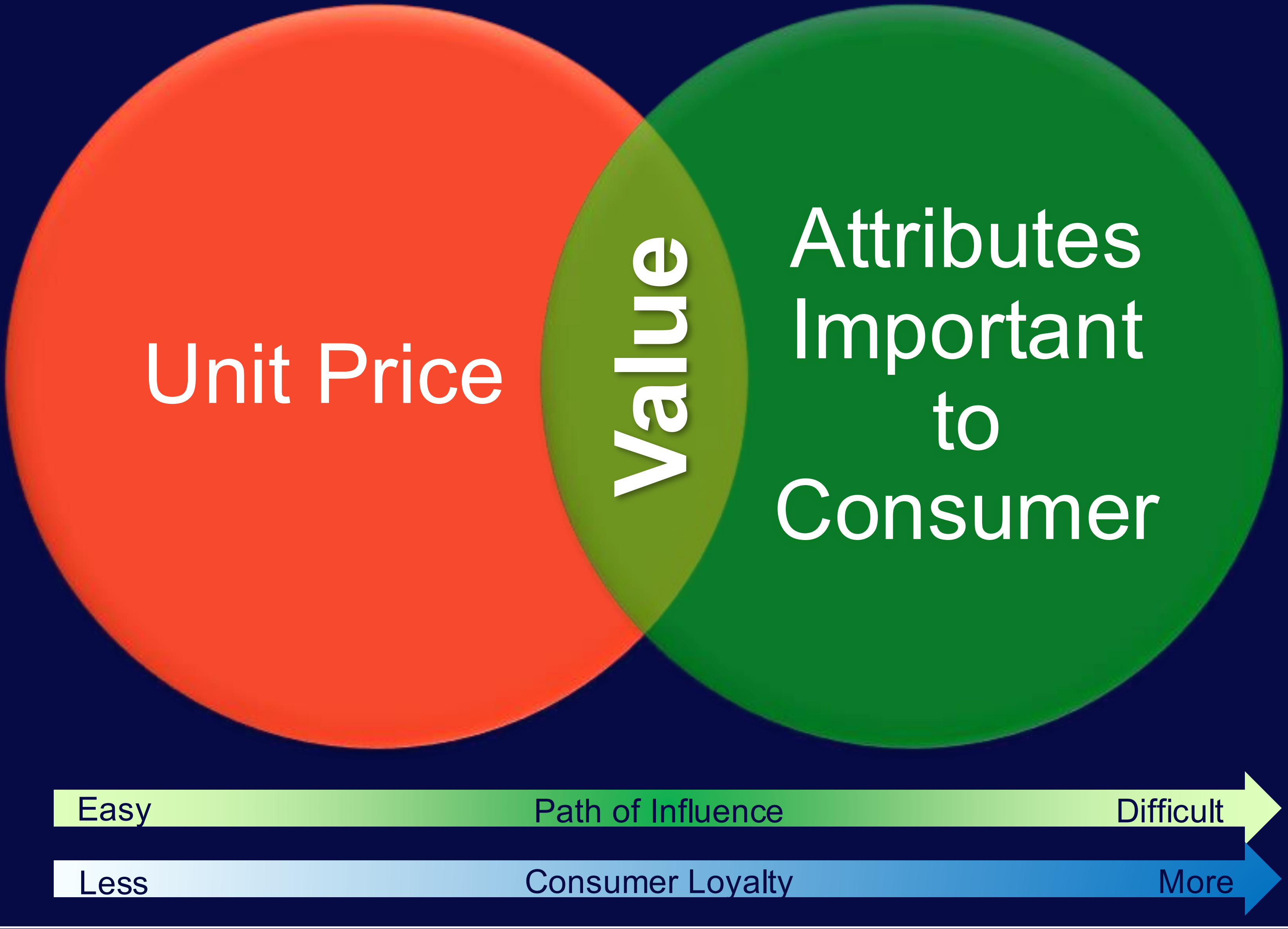


Focus on your value proposition and communicate it clearly to shoppers to create and maintain brand loyalty

Value is usually mistaken for low price

Consumers react to price when it exceeds perceived product benefit

Low cost / high deal frequency doesn't create consumer loyalty



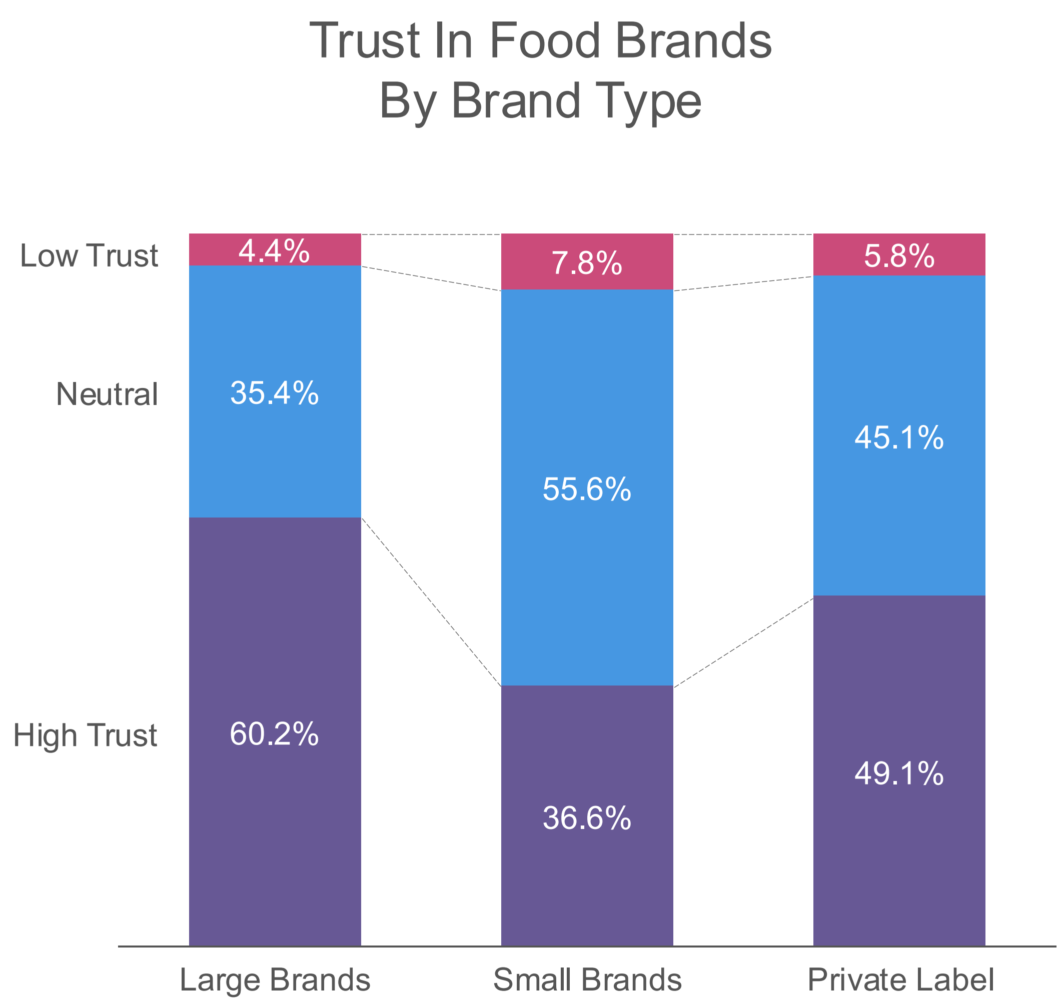
Product attributes are personal

They sit outside of price

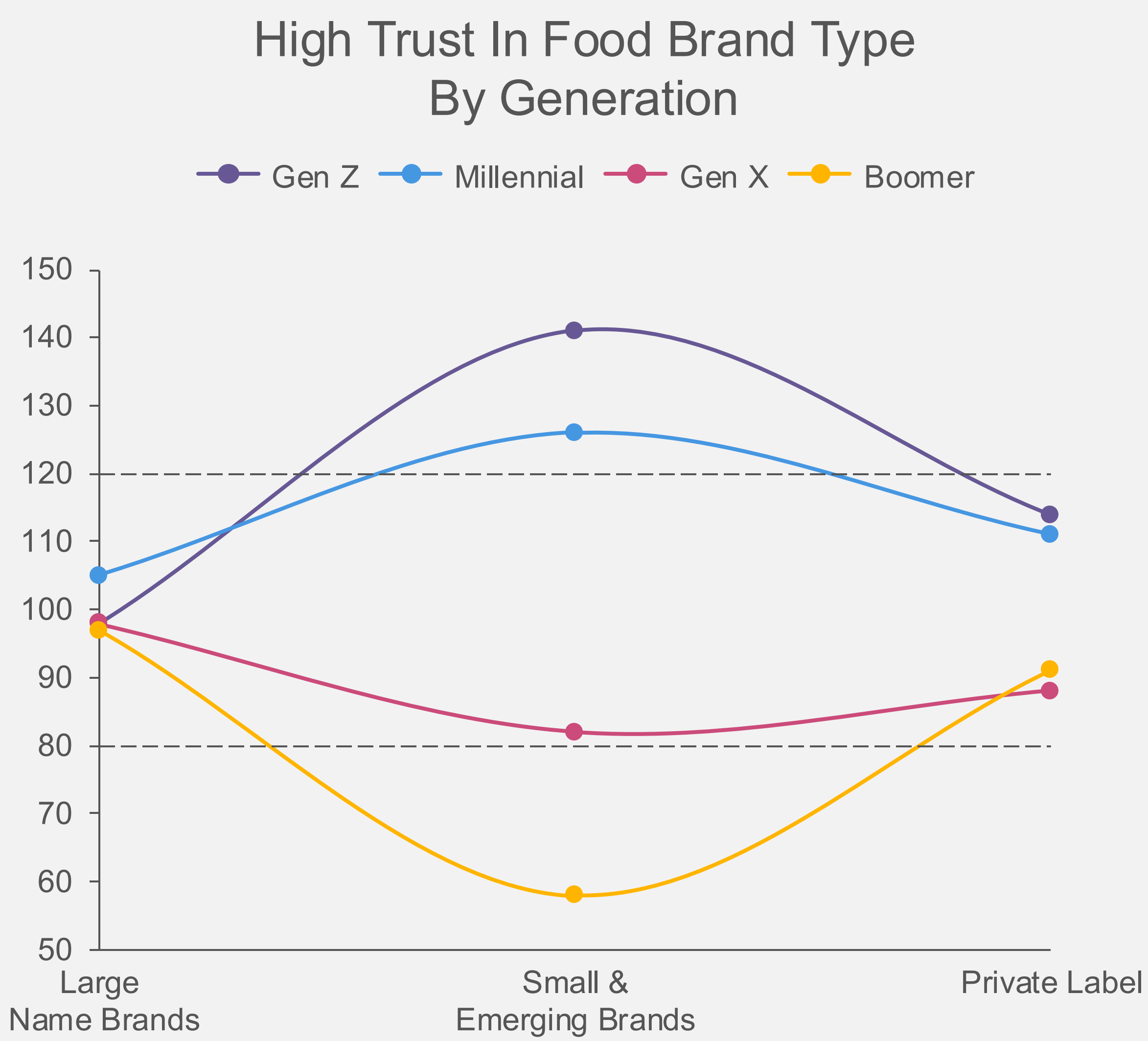
Perceptions and experiences

Influenced through associations, conversations and opinions

Large food brands have the most trust…



…but younger shoppers trust small brands

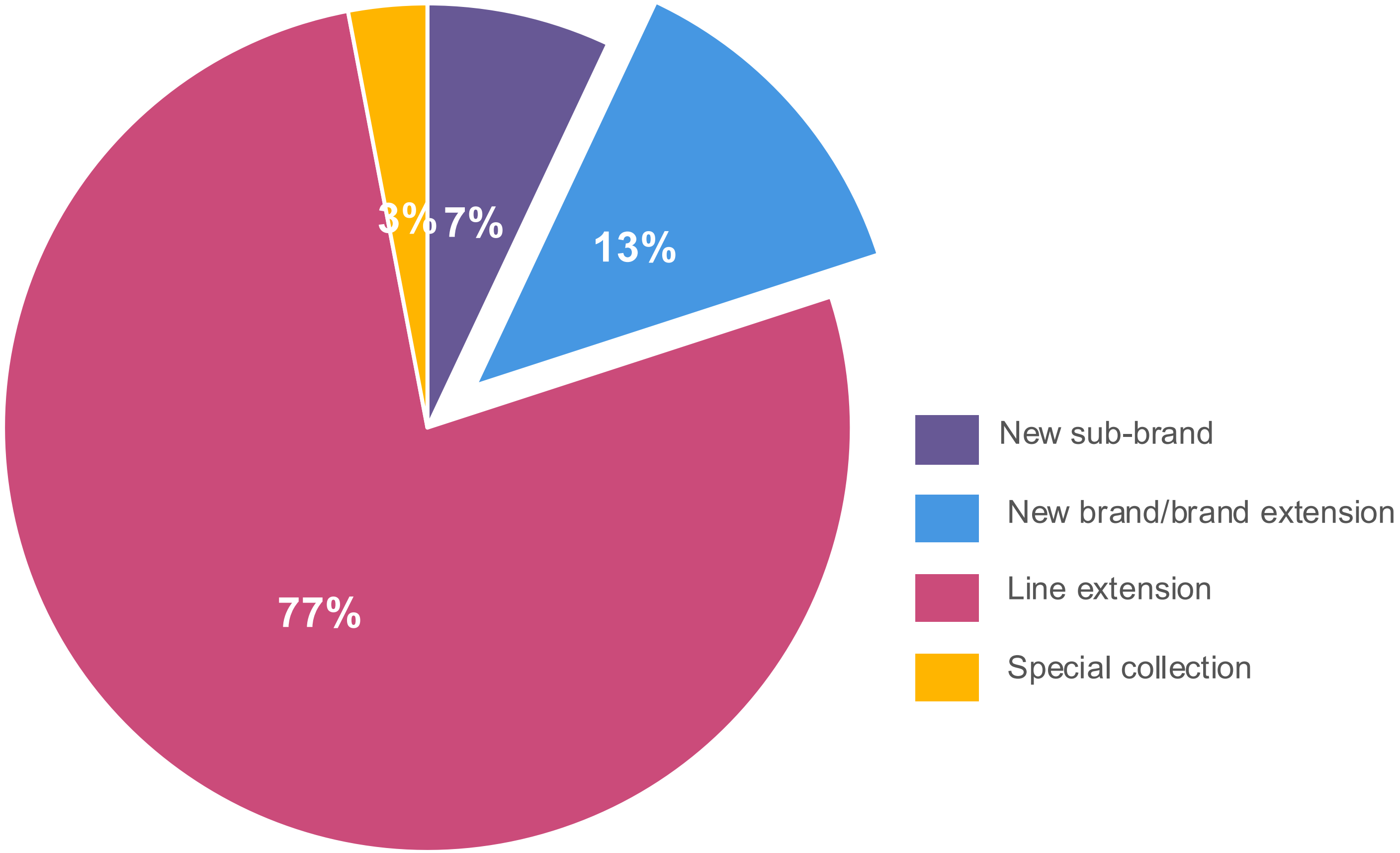


Source: NIQ, BASES Quick Question Omnibus Survey, May 2025, n=1,000
Note: Index value ≥120 indicates above average significance, <80 indicates below average significance

Line extensions make up the majority of innovations

While line extensions have the risk of cannibalization, new brands can often identify niches that are incremental to their categories. Retailers love incrementality!

Personal care innovation by type



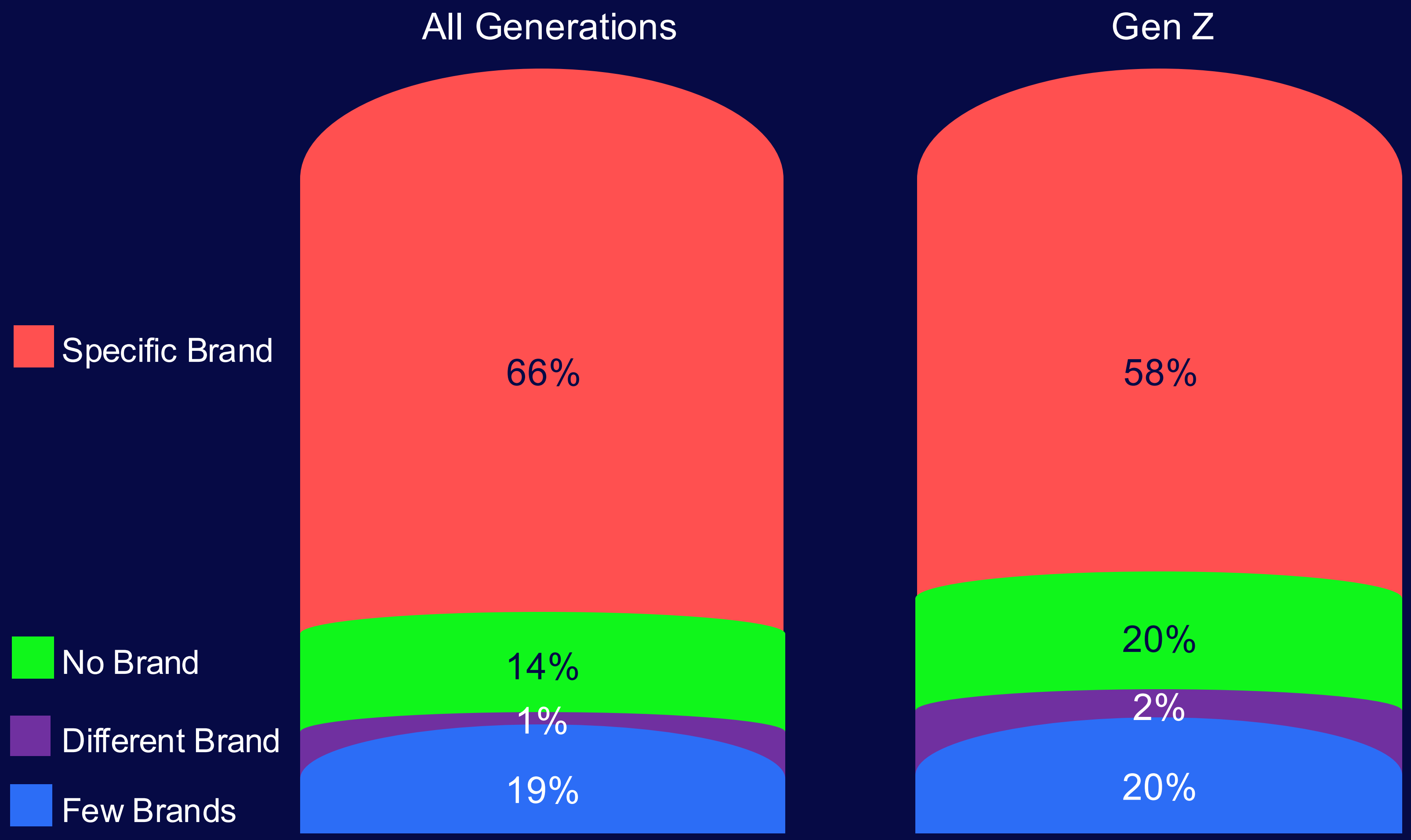
1 in 4 innovations may end up shrinking the brand franchise

Only 1 in 5 FMCG manufacturers use incrementality as a firm stage gate action standard – which is critical to stave off cannibalization and drive growth

Source: NIQ BASES Innovation Management, Personal Care Categories, 52 weeks ending 3/27/25

Shoppers’ brand planning leaves some room for brand discovery

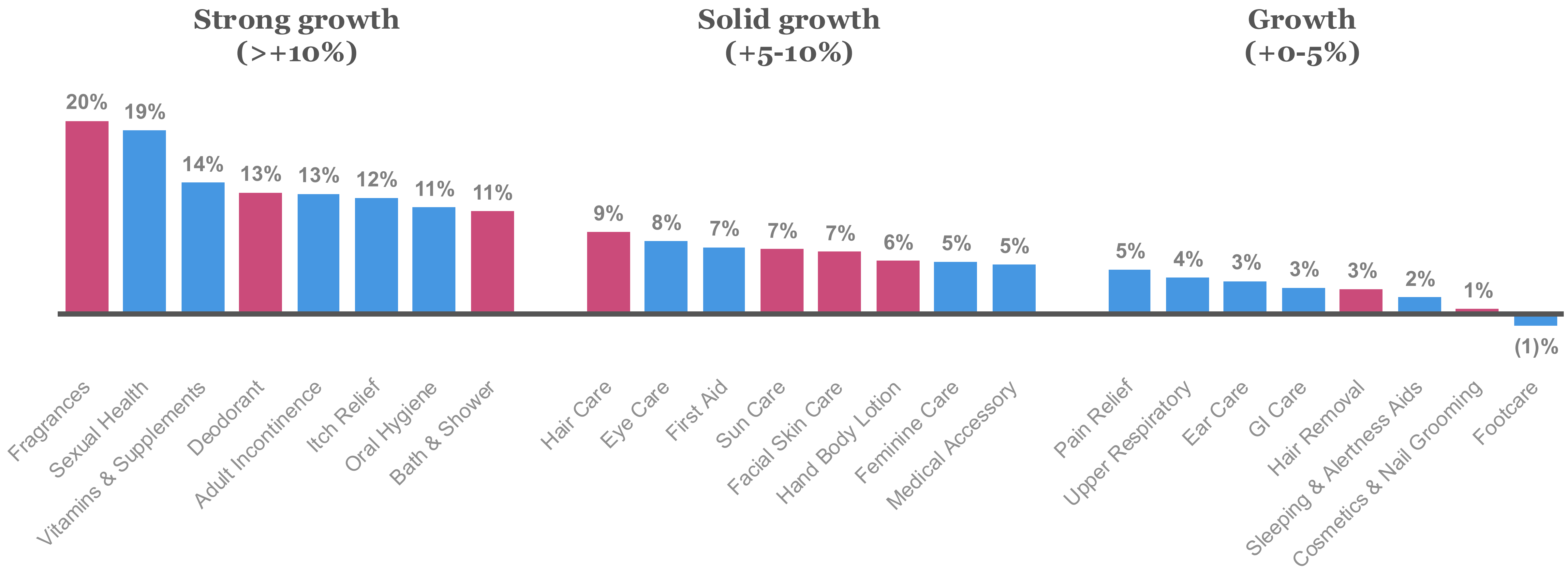
Gen Z is a pivotal generation due to their willingness to explore different brands more than any preceding cohort



- Most shoppers enter the store with a specific brand in mind
  - Low probability of switching
- Gen Z has broader brand considerations
  - Greater opportunities to gain trial
  - 20% have no brand in mind or a few brands in their consideration set

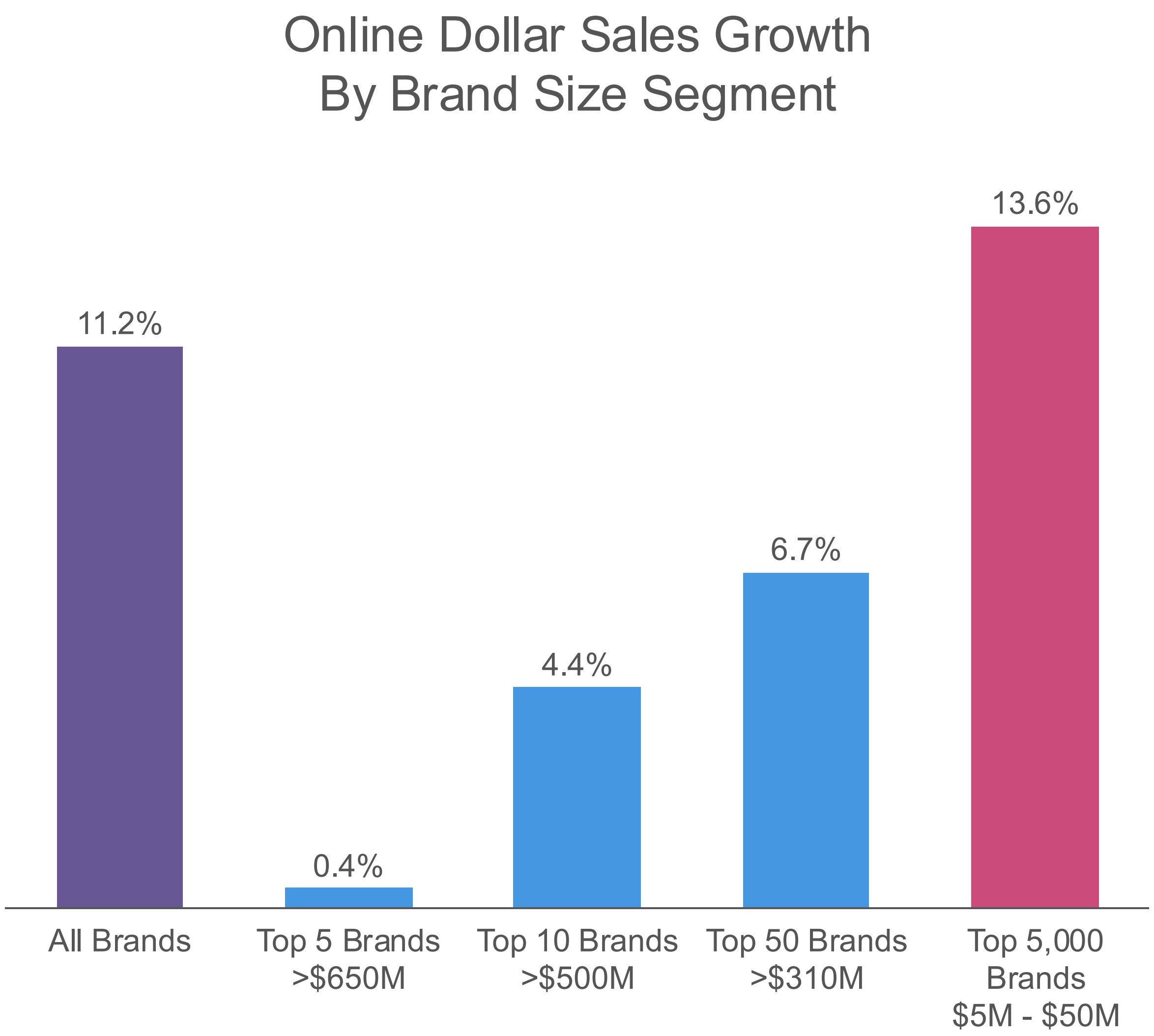
Source: NielsenIQ Omnishopper Fundamentals Fall 2024

Growth rates stay positive across nearly all beauty & health categories



Source: NielsenIQ POD Omnishopper Panel Total US L52 week ending 12/28/2024 vs YA.Dollar percent change. Total Health & Beauty

Emerging brands are driving online sales



Source: NIQ, Omnisales, Calendar Year 2024
Note: Brand rank determined by size.

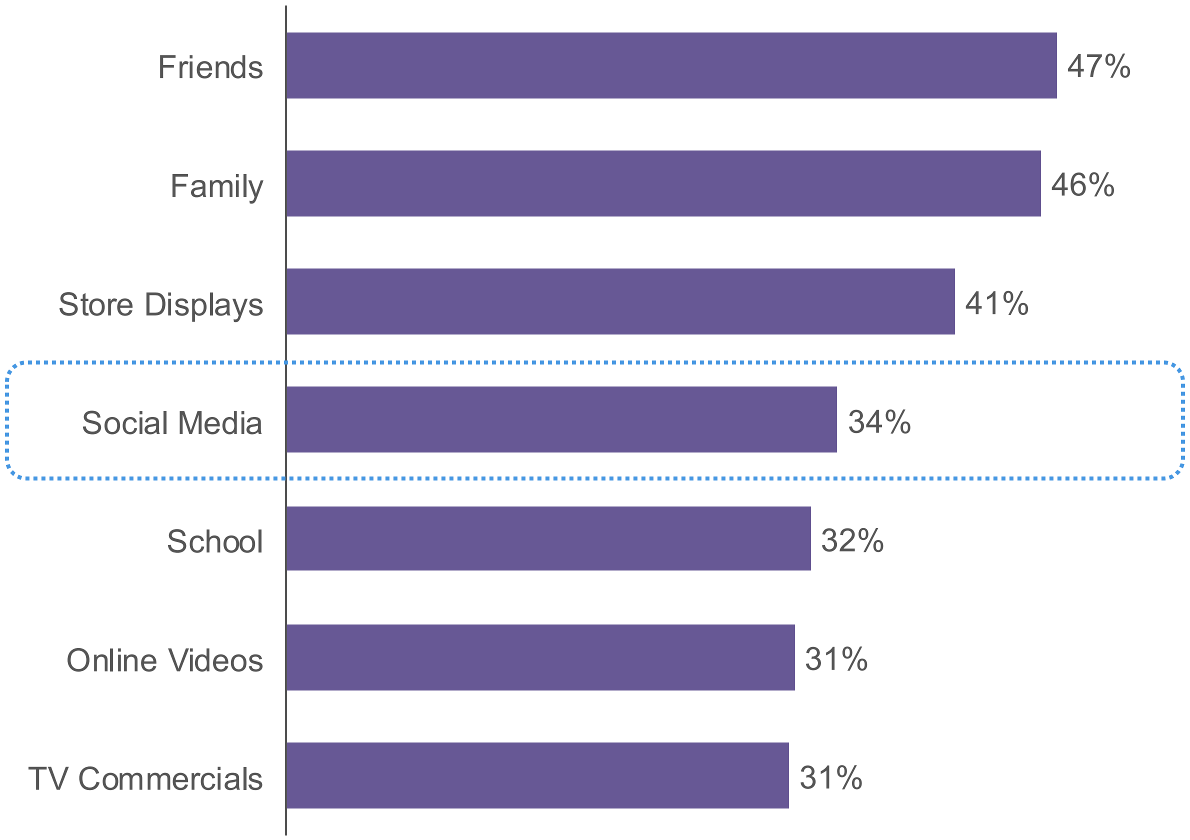
Overall, emerging brand online sales growth ***outpaced in-store sales growth by 10.8% in 2024***

21.1% of emerging brands saw ***over half*** of 2024 total sales from ***eCommerce***

48.9% of emerging brands saw ***online sales growth outpace in-store sales growth*** in 2024

Gen Alpha discovers snacks on social media

Where Gen Alpha Learns About New Snacks



Source: NIQ, BASES Quick Question Omnibus Survey, April 2025, n=305
Note: Asked to households with Gen Alpha children (under 16 years old)

Emerging brands that are innovation winners challenge over-developed categories by jumping on early-stage trends

NIQ BASES Breakthrough Innovation Winners, 2024

Steps to build your brand

Securing distribution and building scale pragmatically

Data-Driven Product Innovation

- Consumer insights identify white space
- Look at specific attributes that are trending
- Hyper-define your core consumer and be everything to that persona

Tell Your Story!

- Retailers want to know your mission and why you are different
- VALUE PROP!!!!!
- Pretty presentations don't get distribution – storytelling does

Transparency

- Brand identity needs to align with consumer values
- Authenticity, not lip service
- You can't be everything to everyone

Influencer Marketing

- TikTok Shop – are you there?
- Instagram and YouTube collabs with micro-influencers
- Gen Z and Gen Alpha crave content about other's experiences

Omnichannel Focus

- Build equity and gather data with DTC
- Expand to retail partnerships when you have a solid customer base
- Use trade shows like Expo West to efficiently reach and pitch buyers

Olipop – A Case Study in dynamic growth

1. DTC First, Then Retail Expansion

- Started with **direct-to-consumer (DTC)** to build brand equity and gather **customer data**.
- Used early traction to secure shelf space in **Whole Foods and Sprouts**, then scaled to mass retailers

2. Influencer-Driven Marketing

- OLIPOP eschewed traditional advertising in favor of **influencer marketing, especially on TikTok**
- Partnered with celebrities like **Nick Jonas, Camila Cabello, and Gwyneth Paltrow –** also early investors

3. Community and Culture

- Built a loyal following by **blending into internet culture** and using **authentic user-generated content**.
- Focused on **Gen Z and Millennials**, who value transparency, health, and social proof

Born on social…moved to retail

Brand curation on Instagram & TikTok help find communities, builds trust and memorability that gets noticed by mainstream retailers

- ***Origin:*** Launched in 2019 as direct-to-consumer
- ***Social Media Spark:*** Gained popularity through influencer marketing and fitness communities on Instagram and YouTube
- ***Retail Breakthrough:*** Debuted in Target stores nationwide in June 2022, followed by Walmart, Kroger and Albertsons

- ***Origin:*** Founded by two friends with a mission to create healthy, plant-based ramen
- ***Social Media Spark:*** Went viral on TikTok and YouTube for its low-carb, high protein twist on a comfort food favorite.
- ***Retail Breakthrough:*** Whole Foods, Sprouts, The Fresh Market and more

NIQ has the solutions to give you The Full View

Introducing!

Analytics Essentials

A bundle of solutions that enable you to **sell faster and more efficiently** and your clients to **make more profitable decisions** with their biggest budget lines

Key Challenges for Emerging Brands

Overcome resource constraints

Level-up your negotiating power

Tell a data-driven story that resonates with retailers

Assortment

Add category value

Prove incrementality

Fight for visibility

Stay on the shelf

Trade Spend

Overcome the high cost of entry

Drive incremental volume & promotional ROI

Ensure everyday prices on-shelf

Marketing

Stretch limited budgets

Understand which channels actually drive sales

Resonate with target shoppers

Sharpen your value proposition

- Determine your shopper persona
  - Can’t be everything to everyone
- Define what makes your brand different
- Why it matters
- Focus on **value**, not just price—
  - quality, ingredients, experience and mission.

Leverage data-driven innovation

- Identify white space, or better, blue ocean
- Innovate with purpose
  - Prioritize **incrementality**
  - Avoid cannibalization
- Retailers want valuable shoppers
  - Show the worth of your shopper's total shopping basket

Tell your story

- Don’t regurgitate data
  - Use data to tell and support your story
  - Retailers want to hear that – they can pull data too

- Retailers want you if…
  - They understand your mission and values
  - What impact you want to make
  - You convey authenticity and transparency

Monitor and refine as you go

- Monitor channels that drive brand discovery
  - Analyze where shoppers convert to buyers of your brand
  - Not all brands are successful in brick & mortar and vice versa
- Keep refining your marketing message
  - Are you optimized for discovery?
  - Is your marketing mix returning on the spend?

Thank you!

More information,
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